

*City of Kingsburg*  
1401 Draper Street, Kingsburg, CA 93631-1908  
(559)897-5821 (559)897-5568

Bruce Blayney  
Mayor

Michelle Roman  
Mayor Pro Tem

COUNCIL MEMBERS  
Ben Creighton  
Sherman Dix  
Staci Smith

Alexander J. Henderson  
City Manager

**CITY OF KINGSBURG  
FINANCE COMMITTEE**

**August 23, 2016**

**6:00 p.m.**

**KINGSBURG CITY COUNCIL CHAMBER  
1401 DRAPER STREET**

1. **Call to order** – Bruce Blayney
2. **Public Comments** - Any person may directly address the Committee at this time on any item on the agenda, or on any item that is within the subject matter jurisdiction of the Committee. A maximum of five minutes is allowed for each speaker.
3. **Approval of Minutes** –Approve minutes from May 19, 2016 Finance Committee Meeting, as prepared by City Clerk Abigail Palsgaard.
4. **Fund Balance Investment Recommendation-** Staff report prepared by City Manager Alex Henderson  
Possible Action(s):
  - a. Presentation by City Manager Alex Henderson
  - b. Discussion by Committee
  - c. Action as Deemed Appropriate
5. **Community Facilities District Discussion-** Staff report prepared by City Manager Alex Henderson  
Possible Action(s):
  - a. Presentation by City Manager Alex Henderson
  - b. Discussion by Committee
  - c. Action as Deemed Appropriate
6. **Discussion of the next meeting date.**
7. **Other Business** –
8. **Adjourn** - to the next regular meeting of the City of Kingsburg Finance Committee as decided.

**CITY OF KINGSBURG  
FINANCE COMMITTEE MINUTES  
MAY 19, 2016**

**Call to order:** Mayor Bruce Blayney called the Finance Committee meeting to order at 6:13pm.

**Members Present:** Council Member Sherman Dix (arrived at 6:42pm) City Manager Alexander Henderson, Finance Director Maggie Moreno and Mayor Bruce Blayney.

**City Staff Present:** City Clerk Abigail Palsgaard.

**Public Comments:** None.

**Approval of Minutes:** A motion was made by City Manager Henderson, seconded Mayor Blayney to approve minutes from the April 20, 2016 Joint Meeting with Kingsburg City Council, as prepared by City Clerk Abigail Palsgaard. The motion carried by unanimous voice vote.

**Community Facilities District Discussion**

Nathan Perez, Analyst with David Taussig & Associates, Inc., along with two other associates were present to discuss Community Facilities Districts ("CFD"). The Committee discussed the time table for an election if the city does decide to proceed with a CFD. Mr. Perez said if the city went forward with a CFD the election could be held at any time with additional costs, compared to having the election along with the County. Mr. Perez said it will cost a minimum \$15,000. He said there is a total of three meetings. First a resolution of intention meeting (need a month or 2 in advance). Then 60 days later, a meeting to form the district. Next, from the second meeting 90-120 days to the election (third meeting). He said during that time the city would need to generate public outreach. The Committee discussed special districts. Mr. Perez said the city would get the ballots and count them that night. The CFD would enroll every summer and with property taxes, property owners would pay half in the summer and half in the winter. The commission discussed the possible use of funds that would be used for the enhancement of services and that CFDs have the ability to roll back the amount in case of a recession. The Committee asked Mr. Perez to prepare a cost proposal. The Committee agreed to continue the discussion after the adoption of the 2016/17 Budget.

**Chamber of Commerce Funding Request**

The Committee discussed the proposed funding request from the Kingsburg Chamber of Commerce. They spoke about funding the band concerts. The Committee discussed the budget heading into 2016/2017 Fiscal Year. The Committee also discussed about how the Chamber is becoming more involved and the Independence Day celebration. The Committee decided to add another \$5,000 to band concerts, making the total funding at \$12,000. The Committee also agreed to an additional funding of \$5,000 for the Independence Day Celebration.

**2015-2016 Budget Year End Projections**

The Committee spoke about the cost savings in new software, costs with personnel, capital outlay, savings on fuel, permit fees, and staffing the building and planning department and labor negotiations.

**2016/2017 Budget Discussion**

The Committee decided to continue with Price and Page for the City's auditing service.

**Adjourn:** The Finance Committee Meeting was adjourned at 8:32pm.



Meeting Date: 08/23/2016  
Agenda Item: 4

## FINANCE COMMITTEE MEETING STAFF REPORT

REPORT TO: Chairman Blayney and Committee Members

REPORT FROM: Alex Henderson, City Manager

REVIEWED BY:

AGENDA ITEM: Surplus Funds Investment

ACTION REQUESTED: ☐ Ordinance ☐ Resolution ☒ Motion ☐ Receive/File

### EXECUTIVE SUMMARY

As part of the City's financial policies, it's recommended that the fund balance maintain a 20% operating reserve to cover instances including:

- A. To insulate the City from large, unanticipated one-time expenditures or revenue reductions resulting from external changes.
- B. To provide funds to allow the City to respond to unforeseen emergencies.
- C. To provide sufficient working capital to eliminate the need for short-term borrowing due to the timing of the receipt of short-term receivables and the remittance of short-term payables.
- D. To strive to maintain a general fund balance equal to or above 20% of budgeted general fund appropriations. In determining the acceptable range of general fund balance, the City considers the following factors:
  1. Historical stability of the City's revenues and expenditures.
  2. Timing of revenue collections in relation to payments made for operational expenditures.
  3. Anticipated growth in the services to be provided City residents.
- E. Apply any operational surplus at the end of any fiscal year to the reserve for working capital if necessary to meet policy minimums.
- F. Eliminate the budgeted use of fund balance if its use would reduce the available balance below policy minimums.

As of 6/30/2016, the City is expected to maintain higher than 20% levels of fund balance for the General Fund, Water Enterprise Fund, and Financial Authority. Staff has engaged an investment professional to discuss options for investing the funds to provide a higher yield.

Supplemental information is provided to illustrate options available that would be lower risk, and help diversify the City's overall portfolio.

### RECOMMENDED ACTION BY FINANCE COMMITTEE

1. Examine fund balance and determine appropriate allocation/investment of excess revenue.

### POLICY ALTERNATIVE(S)

1. Finance Committee can continue evaluation.

### REASON FOR RECOMMENDATION/KEY METRIC

The policy provides necessary and adequate financial stability for the City.

## **FINANCIAL INFORMATION**

### **FISCAL IMPACT:**

- |                              |            |
|------------------------------|------------|
| 1. Is There A Fiscal Impact? | <u>Yes</u> |
| 2. Is it Currently Budgeted? | <u>N/A</u> |
| 3. If Budgeted, Which Line?  | <u>N/A</u> |

### **PRIOR ACTION/REVIEW**

The City's Finance Committee meets regularly to discuss year-to-date expenditure and revenue trends. The FC also has provided recommendation on the approval of the City's financial policies, which are adopted as part of our annual budget.

### **BACKGROUND INFORMATION**

The City Council adopted a new set of financial policies to help guide decision making. Given the adoption of the 2016/17 budget and reconciliation of outstanding expenditures and revenues, the Finance Committee should examine any surplus fund balance and make appropriation decisions to draw down outstanding obligations, fund capital projects, and ensure a proper contingency.

For purposes of Committee discussion, we have included fund balance sheets through June 30, 2016 (preliminary). As such, we can discuss areas of need and potential reallocation of funds.

1. General Fund
  - The GF maintains a healthy fund balance due to higher revenues than expenditures, as well as benefits of the proceeds from Tulare Co. land sale.
  - It should be noted that the anticipated 6/30/2016 fund balance of \$2,655,116 equals nearly 53% of the 2016/17 GF operating needs.
  - The Committee and staff will discuss proper allocation of the fund surplus to address the needs listed in the Financial Policy.
2. Water Fund
  - The WF maintains a healthy fund balance as compared to annual operating expenditures.
  - 6/30/2016 Unreserved Fund Balance of \$3,632,548 is more than one year's operating needs.
3. Financial Authority
  - Consultant will provide information related to option for the FA.

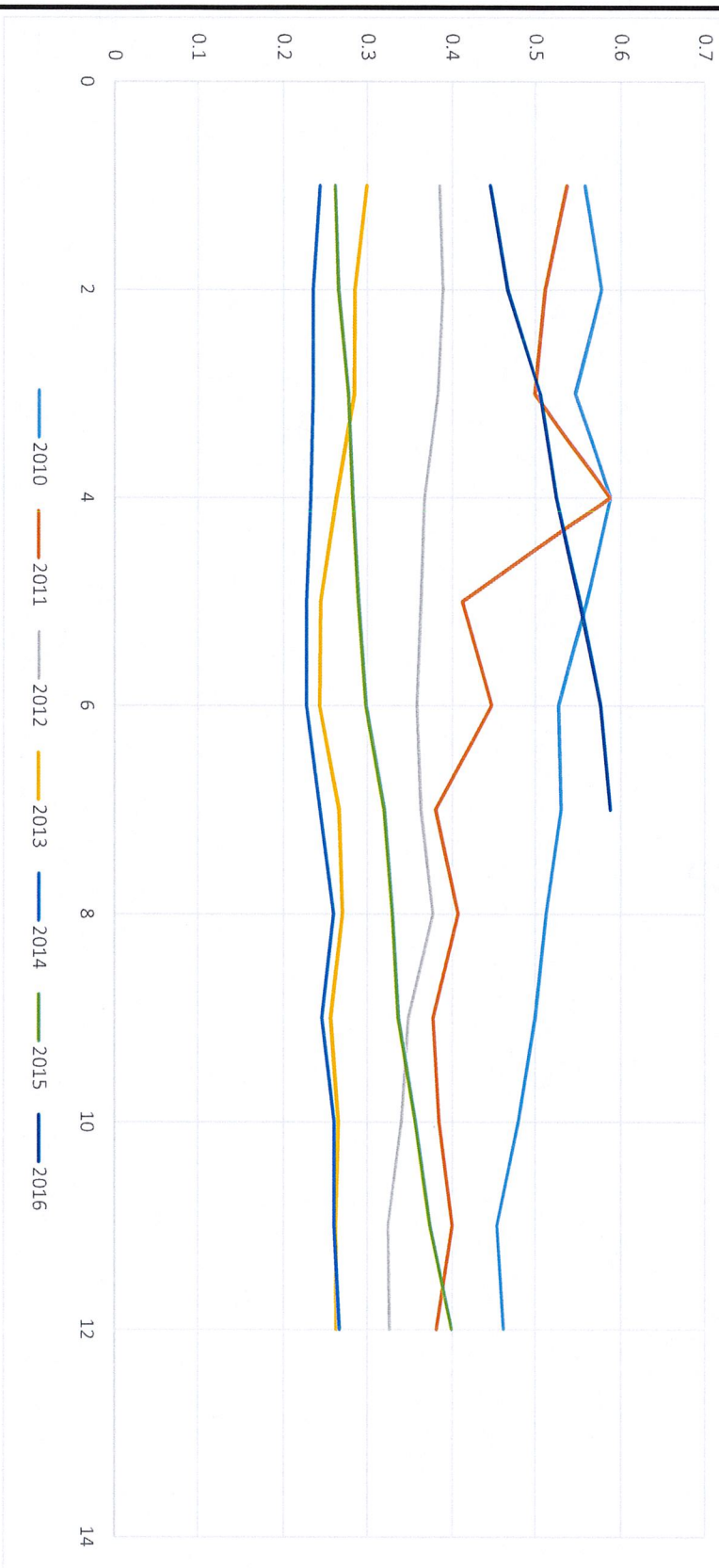
### **ATTACHED INFORMATION**

1. Investment Worksheets
2. City Investment Policy (excerpt from full policy language)
3. Fund Balance Information (General Fund, Water Enterprise)



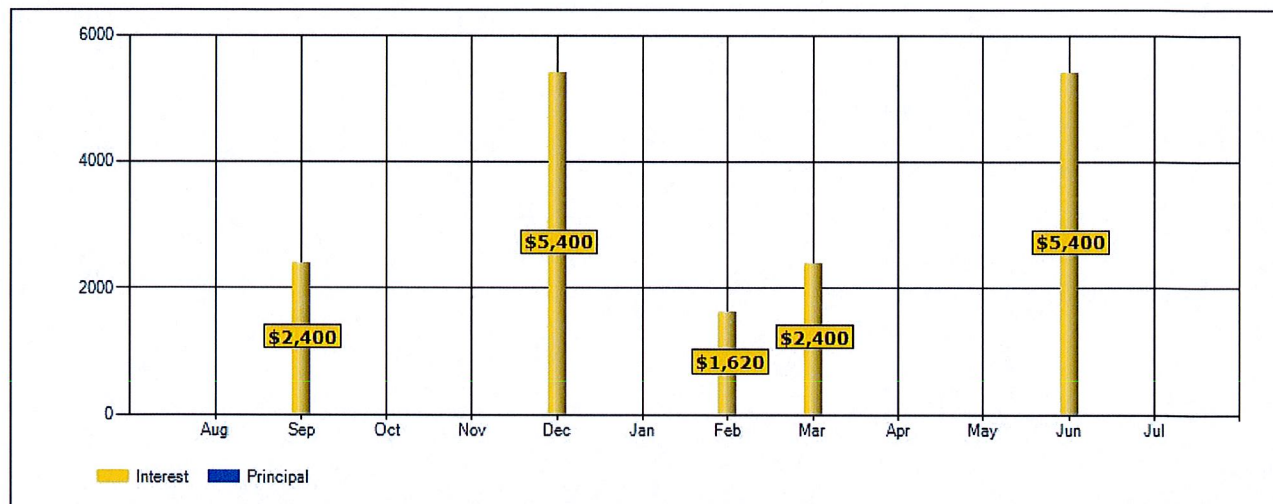
YEAR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010	0.558	0.577	0.547	0.588	0.56	0.528	0.531	0.513	0.5	0.48	0.454	0.462
2011	0.538	0.512	0.5	0.588	0.413	0.448	0.381	0.408	0.378	0.385	0.401	0.382
2012	0.385	0.389	0.383	0.367	0.363	0.358	0.363	0.377	0.348	0.34	0.324	0.326
2013	0.3	0.286	0.285	0.264	0.245	0.244	0.267	0.271	0.257	0.266	0.263	0.264
2014	0.244	0.236	0.236	0.233	0.228	0.228	0.244	0.26	0.246	0.261	0.261	0.267
2015	0.262	0.266	0.278	0.283	0.29	0.299	0.32	0.33	0.337	0.357	0.374	0.4
2016	0.446	0.467	0.506	0.525	0.552	0.576	0.588					

PMIA / LAIF Average Monthly Effective Yields



\* Data collected from: [http://www.treasurer.ca.gov/pmia-laif/historical/avg\\_mn\\_ylds.asp](http://www.treasurer.ca.gov/pmia-laif/historical/avg_mn_ylds.asp)

## Bond Ladder Report



	Qty	Coupon	Maturity	Moodys / S&P / Fitch Underlying	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
<b>CD</b>																
GOLDMAN SACHS BK USA NY Non Callable 38148JH38	240	2.000	09/03/2019	---/---/---	---	\$2,400	---	---	---	---	---	\$2,400	---	---	---	---
CAPITAL ONE BK USA NATL ASSN Non Callable 140420B33	240	1.350	08/10/2020	---/---/---	\$1,620	---	---	---	---	---	\$1,620	---	---	---	---	---
SALLIE MAE BK SLT LAKE CITY UT Non Callable 795450XG5	240	2.200	12/09/2020	---/---/---	---	---	---	---	\$2,640	---	---	---	---	---	\$2,640	---
AMERICAN EXPRESS CENTRN Non Callable 02587DL30	240	2.300	12/23/2020	---/---/---	---	---	---	---	\$2,760	---	---	---	---	---	\$2,760	---
					---	\$2,400	---	---	\$5,400	---	\$1,620	\$2,400	---	---	\$5,400	---
																<b>Annual Total: \$17,220</b>

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08/16/2016 05:03:30 PM

Disclaimer: The documents contained herein are for informative purposes only, and should not be considered a recommendation to buy or sell securities. Bond prices, yields and availability are subject to change based upon market conditions. Yields represent yield to maturity. Please review the information carefully with your financial advisor to assure it meets your investment objectives. Certain early redemption features, such as a call at the issuer's option, provide the issuer an option to repay principal prior to maturity and may change the term of your investment. If you sell securities prior to maturity, you will receive the current market price, which may be more or less than your initial investment. Please consult your tax advisor for tax implications on any fixed income product. The information in this report has been obtained from sources to be believed to be reliable.

## Portfolio Report

Qty	Issue	Ratings Insurer Underlying	State/Ind.	Coupon	Maturity Settlement	Pay Frequency	YTM YTW	YTW Date YTW Price	Price	Principal	Accrued Int.	Total
CD		Kroll										
240	GOLDMAN SACHS BK USA NY Non Callable CUSIP: 38148JH38	Rating Not Available		2.000	09/03/2019 08/22/2016	Semi- Annually	1.322 1.322	--- ---	102.008	\$244,819	\$2,275	\$247,094
240	CAPITAL ONE BK USA NATL ASSN Non Callable CUSIP: 140420B33	Rating Not Available		1.350	08/10/2020 08/22/2016	Semi- Annually	1.480 1.480	--- ---	99.500	\$238,800	\$107	\$238,907
240	SALLIE MAE BK SLT LAKE CITY UT Non Callable CUSIP: 795450XG5	Rating Not Available		2.200	12/09/2020 08/22/2016	Semi- Annually	1.518 1.518	--- ---	102.829	\$246,790	\$1,070	\$247,860
240	AMERICAN EXPRESS CENTRN Non Callable CUSIP: 02587DL30	Rating Not Available		2.300	12/23/2020 08/22/2016	Semi- Annually	1.649 1.649	--- ---	102.712	\$246,509	\$907	\$247,416
Weighted Bond Type Averages												
Total Issues : 4		Coupon:	1.963	YTM:	1.492	Total Principal:		\$976,918				
Total Quantity : 960		Maturity:	3.927 Years	YTW:	1.492	Total Accrued Interest:		\$4,359				
Total Par Value: \$960,000								Total Misc Fee:	---			
						Total Dollars:		\$981,277				
Weighted Averages												
Total Issues : 4		Coupon:	1.963	YTM:	1.492	Total Principal:		\$976,918				
Total Quantity : 960		Maturity:	3.927 Years	YTW:	1.492	Total Accrued Interest:		\$4,359				
Total Par Value: \$960,000								Total Misc Fee:	---			
						Total Dollars:		\$981,277				

rod bettini

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## **B. Items delegated to the City Manager**

- Since the annual City budget is adopted at the functional level of expenditure (program categories, i.e., Public Works and Public Safety), the City Manager may authorize any intra-program line item change, i.e., utilities, local auto expense, supplies, etc. between departments within funds; appropriation of unbudgeted departmental revenues; and approval of transfers which increase salary and benefit appropriations.

## **FINANCIAL PROCEDURES & INVESTMENT POLICY**

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The purpose of this policy is to establish investment objectives; to delegate authority for the execution and reporting of investments; to establish standards of prudence; to direct the development of internal control; to establish standards for Depositories, to set and establish collateral requirements; and to identify permitted investment.

This investment policy applies to all cash assets of the City, except:

- A. Funds which are held by an external trustee and are restricted in their investment by terms of a trust indenture; in which case the trust indenture shall regulate investment activities;
- B. Funds granted to or held in custody by the City, under terms which provide for or restrict their investment in a particular manner; in which case said provisions or restrictions shall regulate investment activities;
- C. Funds otherwise restricted by State or Federal laws or regulations; in which case said restrictions shall regulate investment activities.

The primary objectives of investment activities shall be the following in order of importance: safety, liquidity, and yield:

- A. Safety: Preservation and safety of principal are the foremost objective of the investment program. Investment shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. In addition, all risks associated to City funds and investments will be disclosed on an annual basis or as requested.
  1. Credit Risk - The City will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer by:
    - Limiting investments to the types of securities listed in this Investment Policy.
    - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business.
    - Diversifying the investment portfolio.
  2. Interest Rate Risk - The City will minimize rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:
    - Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.



- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.
  - Utilizing securities with adjustable coupon rates to minimize price volatility.
- B. **Liquidity:** The investment portfolio will remain sufficiently liquid to meet all operating requirements that might be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands.
- C. **Yield:** The investment portfolio shall be designed with the objective of attaining a rate of return/yield throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity unless as deemed appropriate by the City Manager, or for the following exceptions:
1. A security with declining credit may be sold early to minimize loss of principal.
  2. A security swap would improve the quality, yield, or target duration in the portfolio.
  3. Liquidity needs of the portfolio require that the security be sold.

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#### STANDARDS OF CARE & REPORTING

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**A. Prudence:**

The City's investments shall be made with judgment and care, under prevailing circumstances, which a person of prudence, discretion, and intelligence would exercise in that management of the person's own affairs, not for speculation, but for investment, considering the safety of capital and the yield to be derived.

**B. Ethics and Conflicts of Interest:**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict or be perceived to conflict with proper execution of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

**C. Delegation of Authority:**

The City Council (the "Council") is ultimately responsible for the investment of City funds. The responsibility for conducting investment transactions is delegated to the Finance

Committee (the "Committee") which shall conduct its day- to-day activities through the office of the Finance Director. The Finance Director may, with Committee and Council approval, receive assistance from one or more investment advisors. The Finance Director will provide investment data, statistics and recommendations to the Committee to aid in investment decisions.

**D. Reporting Requirements:**

The Finance Director shall report investment portfolio performance to the Committee at least annually or when a specific request is made. The report will summarize the investment strategies employed, describe the portfolio in terms of investment securities, maturities, risk characteristics and other factors. The report will indicate any areas of policy concern and suggested or planned revision of investment strategies. The Committee shall report investment portfolio performance to the Council annually and shall ask the Council to review its investment strategies at least annually.

**E. Internal Controls:**

The Finance Director shall establish a system of internal controls, which shall be approved by the Committee. The internal controls shall be reviewed by an independent certified public accountant in conjunction with the annual examination of the financial statements of the City. The controls shall be designed to forecast cash flows, maximize the investment of available balances, fully report results of investment activities and prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent action by employees and officers of the City.

All purchases and sales of investment securities must be authorized by the City Manager and Clerk/Treasurer, or in one's absence, the Deputy Treasurer. All bank accounts shall be reconciled on a monthly basis and shall be completed in a reasonable time after the receipt of the monthly bank statement.

**AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES, AND BROKER/DEALERS**

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**A. Depositing of Funds:**

All currency, checks, drafts or other funds in any form payable to the bearer, or endorsed for payment, shall be promptly deposited in an approved Depository, so designated by the Council.

Designation by the Council shall be given only when the financial institution meets all Public Depository requirements provided for by applicable State and Federal laws and regulations, and the following additional criteria:

**1. Deposit Insurance:**

The financial institution is a member of the Federal Deposit Insurance Corporation (FDIC) and deposits made with the financial institution are insured to the maximum permitted by the FDIC.

**2. Depository Agreement:**

Any financial institutions acting as a depository for the City must enter into a "depository agreement" requiring the depository to:

- a. Pledge collateral to secure amounts over and above guaranteed amounts. All securities serving as collateral shall be specifically pledged to the City (not as part of a pooled fund) and placed in a custodial account at a Federal Reserve Bank, a trust department of a commercial bank, or through another financial institution. The custodian may not be owned or controlled by the depository institution or its holding company unless it is a separately operated trust institution.
- b. Require the custodian to send statements of pledged collateral to the City Finance Director on a monthly basis.
- c. Annually, provide the City its audited financial statements.
- d. Provide the City normal banking services, including, but not limited to: checking accounts, wire transfers, purchase and sale investment securities and safekeeping services. Fees, if any, shall be mutually agreed to by an authorized representative of the depository bank and the City Clerk/Treasurer.

**B. Preferences for Local Financial Institutions:**

All else being equal comparing financial institutions meeting the criteria set forth, the City Council will give preference in selection to those financial institutions who maintain offices in the immediate area.

#### **COLLATERALIZATION**

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**A. Collateral Required:**

All City funds held in City Depositories which are not held in investment securities registered in the name of the City shall to the extent they exceed federal deposit insurance and state public deposit security fund coverage limits, be collateralized as provided in this Section. The City will minimize the amount of time that cash and investments are held at any given bank exceeding \$500,000, understanding that certain times during the year, it may be temporarily unavoidable to not exceed these dollar amounts due to fluctuating cash flows, and depository requirements.

**B. Form of Collateral:**

Except as provided in Subparagraph a. of Subsection C.1. of this Section, collateral shall be pledged in the name of the City and must be one of the following:

1. Securities of the U.S. Treasury or U.S. Governmental Agency as defined by the Federal Reserve. If held herein, the collateral may consist of any reserves deemed acceptable by the Federal Reserve Bank to meet other reserve requirements of the Depository provided it is held in a sub-account which names the City as beneficiary.
2. U.S. government guaranteed securities such as those issued through the Small Business Administration, provided they are fully guaranteed.
3. General obligations of states or municipalities provided they are rated in the highest or second highest rating categories by Moody Investors Service, Inc., Standard and Poor's Corporation or Fitch Investors Service, L.P.

**C. Valuation of Collateral:**

1. Valuation: Collateral must be marked to market not less frequently than monthly and its value reported on the monthly statement.
2. Sufficiency: The value of the collateral must equal 105% of the amount requiring collateralization. Additional collateral is to be requested when the monthly statement indicates a deficiency.

**D. Substitution of Collateral:**

Collateral agreements are to prohibit the release of pledged assets without the authorization of the Finance Director, however, exchanges of collateral of like value are to be permitted.

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**AUTHORIZED INVESTMENTS**

Funds of the City which are not immediately needed for payment of obligations shall be invested to the greatest extent practical, in accordance with applicable Statutes, if the funds have been appropriated for the payment of debt service, and California Statutes, if the funds are to be used for any other purpose. The following investment securities are permitted to be used:

1. U.S. Treasury Obligations and Government Agency Securities.
2. Certificates of Deposit.
3. Municipal General Obligations.
4. LAIF.
5. Repurchase Agreements.
6. Operating Bank Account.
7. Money Market Funds.
8. Commercial Paper.
9. Bonds rated in the highest or second highest rating category.

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**INVESTMENT TRANSACTIONS & PARAMETERS**

**A. Co-mingling of Funds:**

The Finance Director may pool cash from several different funds for investment purposes, provided such co-mingling is permitted by law, and records are maintained which show that interest earned on such investments has been fairly allocated to each originating fund.

**B. Securities Firms:**

The Finance Director is authorized to execute purchases and sales of Permitted Securities with City Depositories or with securities firms previously approved by the Committee, (the "Approved List"). Such firms must be licensed to conduct business in California, shall be a member of the National Association of Securities Dealers and the Securities Investor Protection Corporation.

**C. Diversification:**

The investment policy incorporates the investment strategy and as such, will allow for diversification of investments to the extent practicable considering yield, collateralization, investment costs, and available bidders. Diversification by investment institutions shall be determined by an analysis of yield, collateral, investment costs, and available bidders. Diversification by types of securities and maturities may be as allowed by this policy and California State Statutes.



#### **D. Maximum Maturities:**

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. However, the maximum maturities for any single investment shall not exceed five (5) years, except for reserve funds. The maximum dollar-weighted average maturity for pooled investments will not exceed three (3) years. Reserve funds may be invested in securities not to exceed ten (10) years if the maturity of such investments is made to coincide as nearly as practicable with the expected call date or final payment date, whichever is shorter. For securities with adjustable rate coupons, the average time to coupon reset will be used as a measure of average maturity.

### **APPROVAL OF INVESTMENT POLICY AND AMENDMENT**

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This investment policy is intended to clarify, amend, and supersede existing investment policies. The Committee is delegated the authority to amend this Investment Policy from time to time as it deems such action to be in the best interest of the City. Any such amendment shall be promptly recommended to the City Council for consideration. When amendment occurs, any investment currently held that does not meet the guidelines of the amended policy, shall be temporarily exempted from the requirements of this policy. Investments must come in conformance with the amended policy within six (6) months of the policy's adoption or the Committee must be presented with a plan through which investments will come into conformance.

### **FUND BALANCE POLICY**

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The establishment of a formal fund balance policy is an important component of the City's financial management policy. Maintaining appropriate levels of fund balance is a key element of the City's overall financial health. This policy is intended to set targets for the desired level of fund balances, identify the approach to maintain these levels, and to provide guidelines for the use of fund balance.

- A. To insulate the City from large, unanticipated one-time expenditures or revenue reductions resulting from external changes.
- B. To provide funds to allow the City to respond to unforeseen emergencies.
- C. To provide sufficient working capital to eliminate the need for short-term borrowing due to the timing of the receipt of short-term receivables and the remittance of short-term payables.
- D. To strive to maintain a general fund balance equal to or above 20% of budgeted general fund appropriations. In determining the acceptable range of general fund balance, the City considers the following factors:
  - 1. Historical stability of the City's revenues and expenditures.
  - 2. Timing of revenue collections in relation to payments made for operational expenditures.
  - 3. Anticipated growth in the services to be provided City residents.
- E. Apply any operational surplus at the end of any fiscal year to the reserve for working capital if necessary to meet policy minimums.
- F. Eliminate the budgeted use of fund balance if its use would reduce the available balance below policy minimums.

# General Ledger

## Balance Sheet

User: maggiem  
Printed: 08/17/2016 - 2:18PM  
Fund: 001  
Period: 12  
Fiscal Year: 2016



*City of Kingsburg*  
1401 Draper Street  
Kingsburg, CA 93631-1908  
(559)897-5821

### Fund ALFRE

Account Type	Amount
001 - GENERAL FUND	
Assets	
CASH & CASH EQUIVALENT	2,422,649.99
RECEIVABLES	424,878.86
Total Assets:	2,847,528.85
Liabilities	
CURRENT LIABILITIES	77,482.11
LONG-TERM LIABILITIES	26,776.00
Total Liabilities:	104,258.11
Fund Balance	
FUND BALANCE-RESERVED	22,138.78
FUND BALANCE-UNRESERVED	2,655,116.10
Total Fund Balance:	2,677,254.88
Total Liabilities and Fund Balance:	2,781,512.99
Total Retained Earnings:	66,015.86
Total Fund Balance and Retained Earnings:	2,743,270.74
Total Liabilities, Fund Balance, and Retained Earnings:	2,847,528.85
Totals for Fund 001 - GENERAL FUND:	0.00

# General Ledger

## Balance Sheet

User: maggiem  
Printed: 08/17/2016 - 2:22PM  
Fund: 001  
Period: 12  
Fiscal Year: 2016



City of Kingsburg  
1401 Draper Street  
Kingsburg, CA 93631-1908  
(559)897-5821

### Fund ALFRE

Account Type	Amount
001 - GENERAL FUND	
Assets	
CASH & CASH EQUIVALENT	
001-0000-101-0102 - CASH / PETTY CASH	1,450.00
001-0000-101-0103 - CASH / CASH OPERATING	1,149,544.10
001-0000-101-0105 - CASH / PAYROLL	10,775.13
001-0000-101-0107 - CASH / INVESTMENTS-LAIF	1,260,880.76
Total CASH & CASH EQUIVALENT:	2,422,649.99
RECEIVABLES	
001-0000-115-0114 - ACCOUNTS RECEIVABLE / OTHER	294,114.06
001-0000-115-0115 - A/R-WEED ABATEMENT	0.00
001-0000-115-0122 - ACCOUNTS RECEIVABLE / VALERIE HERNANDEZ	367.54
001-0000-115-0124 - ACCOUNTS RECEIVABLE / GUN CLUB	130,397.26
Total RECEIVABLES:	424,878.86
Total Assets:	2,847,528.85
Liabilities	
CURRENT LIABILITIES	
001-0000-201-0000 - ACCOUNTS PAYABLE	71,272.08
001-0000-202-0100 - P/R & GARNISH/FICA PAYABLE	11,505.97
001-0000-202-0200 - P/R & GARNISH/FIT PAYABLE	(12,243.38)
001-0000-202-0500 - P/R & GARNISH/VOL ADDL-FT DEAR	(126.50)
001-0000-202-0600 - P/R & GARNISH/VOL ADDL IN-COLO	338.83
001-0000-202-0700 - P/R & GARNISH/VOL ADDLINS-AFLC	(573.13)
001-0000-202-1000 - P/R & GARNISH/DEF COMP PAYABLE	3,018.77
001-0000-202-1100 - P/R & GARNISH/MEDICAL INS PAY	(658.48)
001-0000-204-0400 - CURRENT/PAYROLL ACCRUAL	4,947.95
Total CURRENT LIABILITIES:	77,482.11
LONG-TERM LIABILITIES	
001-0000-208-0100 - DONATION & DEPOSIT A/C'S / K-9 RESERVE	6,544.08
001-0000-208-0200 - DONATION & DEPOSIT A/C'S / RESERVE OFFICER RESERVE	1,733.86
001-0000-208-0400 - DONATION & DEPOSIT A/C'S / K-9 PURCHASE RESERVE	0.00
001-0000-208-0800 - DONATION & DEPOSIT A/C'S / TRACT 5609	(7,052.18)
001-0000-208-0900 - DONATION & DEPOSIT A/C'S / POOL/DEMO DEPOSITS	6,500.00
001-0000-208-1000 - DONATION & DEPOSIT A/C'S / GRACE CHURCH	1,911.97
001-0000-208-1100 - DONATION & DEPOSIT A/C'S / GOOD FAITH DEPOSIT	(1,786.54)
001-0000-208-1200 - DONATION & DEPOSIT A/C'S / EXPLORER/ RES FUND	994.98
001-0000-208-1300 - DONATION & DEPOSIT A/C'S / CSO RESERVE	145.00
001-0000-208-1400 - DONATION & DEPOSIT A/C'S / PUBLIC SAFETY COMMITTEE	931.13
001-0000-208-1500 - DONATION & DEPOSIT A/C'S / GREAT PROGRAM RESERVE	(6,179.12)
001-0000-208-1600 - DONATION & DEPOSIT A/C'S / COFFEE POT PAINTING FUND	100.00
001-0000-208-1800 - DONATION & DEPOSIT A/C'S / ECON DEV AWARD PROGRAM	2,011.00
001-0000-208-1900 - DONATION & DEPOSIT A/C'S / Donation Rotary Park	1,000.00



## Fund ALFRE

Account Type	Amount
001-0000-208-2000 - DONATION & DEPOSIT A/C'S / POLICE-TOY DRIVE	125.97
001-0000-208-2100 - DONATION & DEPOSIT A/C'S/DOG PARK DONATIONS	0.00
001-0000-208-2300 - DONATION & DEP A/C'S/LENNAR	9,406.31
001-0000-208-2400 - DONATION&DEP A/C'S-EVIDENCE PD	10,389.54
Total LONG-TERM LIABILITIES:	26,776.00
Total Liabilities:	104,258.11
Fund Balance	
FUND BALANCE-RESERVED	
001-0000-301-1201 - FUND BALANCE / RESERVE FOR PROJECTS	1,500.00
001-0000-307-1201 - FUND BALANCE / CONTRI CAP-UNDERGRND UTIL	20,638.78
Total FUND BALANCE-RESERVED:	22,138.78
FUND BALANCE-UNRESERVED	
001-0000-341-0000 - EQUITY/UNRESERVED FUND BALANCE	2,655,116.10
Total FUND BALANCE-UNRESERVED:	2,655,116.10
Total Fund Balance:	2,677,254.88
Total Liabilities and Fund Balance:	2,781,512.99
Total Retained Earnings:	66,015.86
Total Fund Balance and Retained Earnings:	2,743,270.74
Total Liabilities, Fund Balance, and Retained Earnings:	2,847,528.85
Totals for Fund 001 - GENERAL FUND:	0.00



# General Ledger

## Balance Sheet

User: maggiem  
Printed: 08/17/2016 - 2:13PM  
Fund: 318  
Period: 12  
Fiscal Year: 2016



*City of Kingsburg*  
1401 Draper Street  
Kingsburg, CA 93631-1908  
(559)897-5821

### Fund ALFRE

Account Type	Amount
318 - WATER	
Assets	
CASH & CASH EQUIVALENT	2,402,512.82
RECEIVABLES	1,194,848.48
FIXED ASSETS	6,132,724.41
Total Assets:	9,730,085.71
Liabilities	
CURRENT LIABILITIES	216,604.82
LONG-TERM LIABILITIES	4,374,698.17
Total Liabilities:	4,591,302.99
Fund Balance	
FUND BALANCE-RESERVED	1,082,170.65
FUND BALANCE-UNRESERVED	3,632,548.08
Total Fund Balance:	4,714,718.73
Total Liabilities and Fund Balance:	9,306,021.72
Total Retained Earnings:	424,063.99
Total Fund Balance and Retained Earnings:	5,138,782.72
Total Liabilities, Fund Balance, and Retained Earnings:	9,730,085.71
Totals for Fund 318 - WATER:	0.00

# General Ledger

## Balance Sheet

User: maggiem  
Printed: 08/17/2016 - 2:14PM  
Fund: 318  
Period: 12  
Fiscal Year: 2016



City of Kingsburg  
1401 Draper Street  
Kingsburg, CA 93631-1908  
(559)897-5821

Fund ALFRE

Account Type	Amount
318 - WATER	
Assets	
CASH & CASH EQUIVALENT	
318-0000-101-0103 - CASH / CASH OPERATING	1,667,336.52
318-0000-101-0105 - CASH/PAYROLL	0.00
318-0000-101-0107 - CASH / INVESTMENTS-LAIF	735,176.30
Total CASH & CASH EQUIVALENT:	2,402,512.82
RECEIVABLES	
318-0000-115-0114 - ACCOUNTS RECEIVABLE / OTHER	1,062.24
318-0000-115-0115 - ACCOUNTS RECEIVABLE / WATER-UB	124,298.31
318-0000-115-0123 - ACCOUNTS RECEIVABLE / WATER METERS	1,036,272.91
318-0000-115-0401 - ALLOWAN FOR DOUBTFUL A/C / WATER	(48,074.50)
318-0000-120-0000 - DEFERRED OUTFLOWS OF / RESOURCES-CONTRIBU	81,289.52
Total RECEIVABLES:	1,194,848.48
FIXED ASSETS	
318-0000-121-0151 - FIXED ASSETS / BUILDINGS	6,979,253.70
318-0000-121-0152 - FIXED ASSETS / MACHINERY AND EQUIPMENT	689,265.00
318-0000-126-0155 - FIXED ASSETS / CONSTRUCTION IN PROGRESS	1,614,359.71
318-0000-129-0150 - FIXED ASSETS / ACCUMULATED DEPRECIATION	(3,150,154.00)
Total FIXED ASSETS:	6,132,724.41
Total Assets:	9,730,085.71
Liabilities	
CURRENT LIABILITIES	
318-0000-201-0000 - ACCOUNTS PAYABLE	188,460.62
318-0000-202-1000 - P/R & GARNISH/DEF COMP PAYABLE	0.00
318-0000-204-0100 - CURRENT / ACCRUED VACATION PAYABLE	11,257.68
318-0000-204-0200 - CURRENT / ACCRUED SICK PAYABLE	16,886.52
318-0000-204-0400 - CURRENT / PAYROLL ACCRUAL	0.00
Total CURRENT LIABILITIES:	216,604.82
LONG-TERM LIABILITIES	
318-0000-207-0000 - PENSION LIABILITY	550,457.34
318-0000-210-3300 - INTEREST PAYABLE / CIEDB	52,606.72
318-0000-220-2200 - DEFERRED OUTFLOWS OF / RESOURCES-CONTRIBUT	136,721.68
318-0000-221-2300 - LONG TERM / ACCRUED VACATION PAYABLE	12,798.11
318-0000-221-2400 - LONG TERM / ACCRUED SICK PAYABLE	31,608.17
318-0000-223-2300 - BOND PAYABLE / WATER IMP BOND PAYABLE	260,000.00
318-0000-223-2400 - BOND PAYABLE / SAFE DRINK WATER BND PAY	195,000.00
318-0000-223-3300 - BOND PAYABLE / CIEDB WAT BND PAY	2,257,495.58
318-0000-226-0100 - CAPITAL LEASE / WATER METERS	878,010.57
Total LONG-TERM LIABILITIES:	4,374,698.17
Total Liabilities:	4,591,302.99
Fund Balance	

## Fund ALFRE

Account Type	Amount
FUND BALANCE-RESERVED	
318-0000-303-1208 - RESERVED FUND BALANCE / WATER FACILITIES	27,000.00
318-0000-305-1202 - FUND BALANCE / ALLEY WATER MAIN	49,099.39
318-0000-305-1203 - FUND BALANCE / HYDRANTS	15,258.46
318-0000-305-1204 - FUND BALANCE / WATER FACILITIES	28,986.20
318-0000-307-1202 - FUND BALANCE / CONTRIBUTED CAPITAL	961,826.60
Total FUND BALANCE-RESERVED:	1,082,170.65
FUND BALANCE-UNRESERVED	
318-0000-341-0000 - EQUITY/UNRES RETAINED EARNINGS	3,632,548.08
Total FUND BALANCE-UNRESERVED:	3,632,548.08
Total Fund Balance:	4,714,718.73
Total Liabilities and Fund Balance:	9,306,021.72
Total Retained Earnings:	424,063.99
Total Fund Balance and Retained Earnings:	5,138,782.72
Total Liabilities, Fund Balance, and Retained Earnings:	9,730,085.71
Totals for Fund 318 - WATER:	0.00





Meeting Date: 08/23/2016  
Agenda Item: 5

## FINANCE COMMITTEE MEETING STAFF REPORT

REPORT TO: Chairman Blayney and Committee Members

REPORT FROM: Alex Henderson, City Manager

REVIEWED BY: 

AGENDA ITEM: Public Safety Funding

ACTION REQUESTED: ☐ Ordinance ☐ Resolution ☒ Motion ☒ Receive/File

### EXECUTIVE SUMMARY

During the Finance Committee's March 17, 2016 meeting, Committee members held a conference call with Nathan Perez of Taussig & Associates to discuss public safety funding opportunities. The initial call was informal, and guidance was given for Mr. Perez to provide follow-up information. At the May 19, 2016 meeting, Mr. Perez provided a more detailed presentation regarding options related to revenue production for specific purposes. For Kingsburg, the presentation centered on additional funding for public safety services (fire/EMS personnel, police personnel and related equipment). During the meeting, the group asked questions about sources of funding (sales tax, parcel tax, community facilities district, etc.) and how each process can differentiate. The group determined that more information was needed, specifically regarding a Community Facilities District (CFD) approach. Given the timing involved and the Committee's workload surrounding the pending budget, it was determined that the topic would be tabled and re-discussed after the adoption of the 2016/17 annual budget.

Enclosed in your packet you will find a number of items related the process involved as it relates to a Community Facilities District. Items include:

1. Proposed timetable of events
2. Template consultation document for financing purposes
3. Revenue projection for a CFD
4. June 2016 Local Revenue Measure Results
5. Current personnel cost averages and equipment CIP (draft)
6. Comparison of sales tax/CFD models
7. Comparative Tax Rate Schedule

The Committee should examine the potential rate schedule for the proposed fee, along with the timetable and determine if any adjustments should be made. Next steps in the process would be to have the Committee provide guidance and a recommendation to direct staff to enter into discussions with the consultant to firm up the timeline. In addition, staff believes that the Public Safety Committee should be provided with this information to provide input and to make a recommendation to the Council as well.

### RECOMMENDED ACTION BY FINANCE COMMITTEE

1. Make a recommendation regarding next steps in exploring a public safety funding proposal.

### POLICY ALTERNATIVE(S)

1. Finance Committee can continue evaluation.
2. Finance Committee can determine not to proceed with any further investigation.



### **REASON FOR RECOMMENDATION/KEY METRIC**

The policy provides necessary and adequate financial stability for the City.

### **FINANCIAL INFORMATION**

#### **FISCAL IMPACT:**

- |                              |            |
|------------------------------|------------|
| 1. Is There A Fiscal Impact? | <u>Yes</u> |
| 2. Is it Currently Budgeted? | <u>N/A</u> |
| 3. If Budgeted, Which Line?  | <u>N/A</u> |

### **PRIOR ACTION/REVIEW**

The City's Finance Committee discussed different funding models during meetings in March and May 2016. The topic has been discussed (informally) during different times over the years, including during the dispatch transition, which occurred in early 2016.

### **BACKGROUND INFORMATION**

Staff understands the discussion of a public safety related fee/tax has been discussed informally for a number of years. The item has never formally been taken to a vote, which would require 2/3 voter support in order to pass.

Currently, the City employs the following public safety personnel:

1. Police Department (fully funded through general fund – some grant money offset)
  - 1 Police Chief
  - 3 Sergeants
  - 10 sworn police officers
  - 10 Level I Reserves
  - 3 non-sworn administrative personnel

The Police Dept. accounts for 51% of general fund spending, with personnel costs accounting for the majority of their annual budget.

2. Fire Department (Funding provided by general fund, grant monies and ambulance charges for service)
  - 1 Fire Chief
  - 3 Shift Captains (Paramedics/EMTs)
  - 6 Full-time Firefighters/Paramedics
  - 23 Reserves in program (paid only when running calls)

Fire/ambulance services have been subsidized by the general fund for several years. The amounts vary, and have been declining due to an updated ambulance fee schedule, new collection vendor, and participating in State and Federal reimbursement programs.

Attached spreadsheets outline the average fully loaded (wage, benefits, workers compensation, etc.) cost to employ new employees for each of these professions. While the City continues to employ techniques to grow our overall general fund revenues, streamline efficiencies to cut costs, and explore other revenue models, the additional costs to employ new full-time public safety personnel are unlikely to be realized through commercial and/or residential growth in the near-term; the costs are simply too great.

For example, in the case of the fire department, we currently staff 3-0 minimums (3 full time employees per shift). To adequately run 4-0, we would need to hire an additional 3 full time firefighters (\$290,544). We supplement our full-time work for both Fire and PD with Level 1 reserves, but this can lead to fluctuations in the amount of staff on-duty at any given time (based upon Reserve availability). To provide some level of comparison, the City collects approximately \$1mm in sales tax revenue each year. So to increase our Fire Dept. staff to 4-0, we would need to

realize a nearly 30% increase in sales tax dollars on an ongoing basis.

If the Committee and Council desire to grow either department by any significant margin, we'll need to explore different funding options.

**ATTACHED INFORMATION**

1. Proposed timetable of events
2. Template consultation document for financing purposes
3. Revenue projection for a CFD
4. June 2016 Local Revenue Measure Results
5. Current personnel cost averages and equipment CIP (draft)
6. Comparison of sales tax/CFD models
7. Comparative Tax Rate Schedule



Public Finance and Urban Economics

2250 Hyde Street, 5th Floor, San Francisco, CA 94109

Phone: 800.969.4382

**CITY OF KINGSBURG  
PROPOSED COMMUNITY FACILITIES DISTRICT No. 2016-01  
(PUBLIC SAFETY)**

**SERVICES CFD  
FORMATION SCHEDULE**

**TENTATIVE SCHEDULE OF EVENTS**

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City	=	City of Kingsburg Staff, Council
Attorney	=	City Attorney
DTA	=	Special Tax Consultant
All	=	Entire Team

**PROPOSED COMMUNITY FACILITIES DISTRICT No. 2016-01**  
**CITY OF KINGSBURG**

**PRELIMINARY CFD FORMATION SCHEDULE**  
**Page 1**

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<b><u>DATE</u></b>	<b><u>DESCRIPTION</u></b>	<b><u>RESPONSIBILITY</u></b>
(September 7)	City Council Meeting to discuss financing alternatives and next steps.	All
(Week of September 12 – Week of September 19)	Hire Consultants.	City
(Week of September 19 – Week of October 10)	Determine services to be funded; confirm boundaries of CFD; collect data, prepare database.	City, Attorney, and DTA
	Review <i>Local CFD Goals &amp; Policies</i> (draft, if necessary), Submit Petition to establish CFD. <sup>1</sup>	City, Attorney, and DTA
	Review and confirm costs (and annual escalators) for services.	City and DTA
	Determine sample CFD special tax rates and complete <i>Draft Rate &amp; Method of Apportionment</i> (“RMA”).	DTA, Attorney, and City
(Week of October 17)	Prepare draft Resolution of Intention.	Attorney and DTA
(Week of October 24)	Preliminary <i>Go/No-Go</i> for FY 2016-2017.	City and DTA
(Week of October 31)	Circulate RMA and Resolution of Intention (“ROI”).	Attorney and DTA
	Continue refining RMA/tax parameters.	All
(Week of November 14)	Conference call to finalize RMA, ROI documents.	All
	Make final adjustments to RMA/tax parameters based on feedback.	Attorney and DTA
(Week of November 28)	All legal and ROI documents submitted for City Council Meeting.	City and Attorney

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<sup>1</sup> Written request by at least two (2) City of Kingsburg Council Members or petition by at least 10% of registered voters.

**PROPOSED COMMUNITY FACILITIES DISTRICT NO. 2016-01**  
**CITY OF KINGSBURG**

**PRELIMINARY CFD FORMATION SCHEDULE**

**Page 2**

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<b>(December 7)</b>	City Council adopts ROI to form CFD: <ul style="list-style-type: none"><li>• Approves boundaries</li><li>• Designates CFD name</li><li>• Declares intention to form CFD and levy tax</li><li>• Sets time and place for public hearing</li><li>• <b>Establishes voting procedure</b></li><li>• Approves RMA</li></ul>	City
(Week of December 12)	Proposed boundary map recorded. Public Notice of Public Hearing.	DTA, City Clerk
(Week of December 19 – Week of December 26)	Complete CFD Report, confirm registered voters <sup>2</sup> , finalize Resolution of Formation (“ROF”) documents, and resolve other issues related to CFD (hold meetings/conference calls as necessary).	All, County Registrar
(Week of January 2)	Conference call or meeting to finalize ROF documents.	All
<hr/>		
<b>(Week of January 9)</b>	All legal and ROF documents submitted for City Council Meeting.	City and Attorney
<b>(January 18)</b>	City Council conducts public hearing and adopts ROF: <ul style="list-style-type: none"><li>• Establishes boundaries</li><li>• Authorizes levy of Special Tax</li><li>• Approves Maintenance and Services</li><li>• Sets election (<b>TBD</b>)</li><li>• Reading of Ordinance for Levy of Special Tax</li></ul>	City

---

<sup>2</sup> Maximum of 90 days prior to Public Hearing.

**PROPOSED COMMUNITY FACILITIES DISTRICT NO. 2016-01  
CITY OF KINGSBURG**

**PRELIMINARY CFD FORMATION SCHEDULE**

**Page 3**

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<b>(TBD)<sup>3</sup></b>	Election for registered voters to approve RMA and CFD Formation – prepare impartial analysis, <i>arguments in favor</i> and <i>rebuttals to arguments in favor of formation</i> , mail official sample ballots and voter information pamphlets to registered voters, agenda election, mail ballots if special election, etc).  Canvassing of election.  Certify Election Results and Submit to Council.	All
<b>(Week following Election)</b>	Notices of Special Tax Lien recorded.	DTA

---

<sup>3</sup> Minimum of 90 following Resolution of Formation (“ROF”) – absolute earliest would be late April 2017 under the above scenario.



## EXHIBIT A

### PROPOSED SCOPE OF SERVICES

David Taussig and Associates, Inc. ("DTA") will assist the City of Kingsburg ("Client") in establishing a Citywide Community Facilities District ("CFD") to fund fire protection and police services (the "Services").<sup>1</sup>

DTA's responsibilities under this Scope of Services will comprise:

**A. Community Facilities District Boundaries (Database Set-Up)**

DTA will work with the Client to prepare a map of the area within the City of Kingsburg to be included in the CFD. If necessary, the map will identify the zones to be established within the CFD, based on input from City staff and proximity to locations of proposed Services. DTA will organize a database of all assessable parcels within each zone, based on sources such as the County of Fresno ("County") Assessor's Office and fire and police service maps provided by the City.

**B. Registrar of Voter's Certification**

Request from the County Registrar of Voters confirmation of registered voters' status residing in the boundaries of the CFD prior to the adoption of the Resolution of Formation (Government Code Section §53322).

**C. Services Cost Apportionment Methodology**

Develop alternative methodologies for apportioning Services costs, by land-use (e.g., single family attached residential, multi-family attached residential, retail and non-retail commercial/industrial). Typically, cost apportionment methodologies are equivalent dwelling unit-based to reflect benefit. Therefore, development of the methodology alternatives is anticipated to involve determination of dwelling unit equivalencies for each land use type.

**D. Preliminary Special Tax Rates**

Based upon the selected cost apportionment methodology, DTA will compute special tax rates by land-use type in an amount sufficient to cover projected Services costs, administrative expenses, and reserves.

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<sup>1</sup> The Scope of Work provided assumes the City has already developed "Local Goals and Policies Concerning the Use of the Mello-Roos Community Facilities Act of 1982," as required by California Government Code Sections 53312.7 and 53345.8.

**E. CFD Pro Forma**

Prepare a tax spread or cash flow analysis to assist in structuring the levy and collection of the special tax to provide funds when costs are incurred. DTA will recommend alternative techniques to apportion special taxes or time the collection of such taxes to protect the City's General Fund. DTA will prepare up to ten (10) tax spread analyses, utilizing various development scenarios and cost assumptions.

**F. Tax Apportionment Formula**

Prepare special tax apportionment methodology, subject to City constraints and financing objectives, and City policy guidelines. This task includes preparation of the Rate and Method of Apportionment of Special Tax (the "RMA"). Prepare revisions to initial RMA until all parties are satisfied.

**G. Preparation of Boundary Map (Optional)**

Prepare the CFD boundary map under the Mello-Roos Act and the County Recorder's Office, and record map at County Recorder's Office.

**H. Document Review and Preparation**

Prepare CFD Public Report. Assist CFD Formation Counsel with preparing required documents, including the Resolution of Intention, Resolution of Formation, and related items. Also provide necessary data and advice to CFD Formation Counsel regarding implementing the CFD, including policies that address future annexations.

**I. City Mailing of Notices (Optional)**

If requested by Client, DTA will prepare a mailing of notices to all registered voters in the City which will include the information required under the *Right to Vote Act*, and a ballot which can be returned to the City by the registered voter. The mailing will be completed no less than 45 days prior to the public hearing.

**J. Ballot Tabulation & Election Certification (Optional)**

If requested by Client, DTA will tabulate ballots returned to the City by registered voters and prepare a certificate as to the results of the balloting.

**K. Notice of Special Tax Lien**

Provide a list of Assessor's Parcels to be attached to the Notice of Special Tax Lien and coordinate its recordation with the County, under the Streets & Highway Code §3114.5.

**L. Meetings and Workshops**

Attend **six (6) meetings** with the City staff and Council and other parties regarding the development and implementation of the CFD. Should fewer meetings be necessary, DTA will adjust its budget maximum downward.

**M. Public Outreach and Public Polling**

TBD.

**EXHIBIT B**  
**PROPOSED FEE SCHEDULE**

DTA's proposed fee schedule (excluding expenses) for completion of the activities and tasks identified in Exhibit A will be the amounts stated in Table 1 below. Any additional tasks and professional services beyond those described in the Scope of Services will be billed at the hourly rates in Table 2 below. If the Scope of Services can be completed for less than the maximum amounts, only the hours expended will be billed. No fixed retainer is required under this Fee Schedule.

**Table 1 – CFD Formation Services**

Tasks	DTA Proposed Fee Schedule
Tasks A – F, H, K, & L	Time & Materials at Hourly Rates in Table 2 not to Exceed \$35,000
Task G (Optional)	Time & Materials at Hourly Rates in Table 2 not to Exceed \$5,000
Tasks I & J (Optional)	<i>ESTIMATES</i> \$25,000 for Standard Mailing OR \$30,000 for First Class Mailing
Task M (Optional)	TBD

Client will be charged on a time and materials basis, according to the hourly rates in the table below, with invoices being submitted monthly.

**Table 2 - Hourly Rates**

David Taussig & Associates, Inc. Fiscal Year 2016-2017 Hourly Rates	
President / Managing Director	\$230/Hour
Vice President / Engineer	\$200/Hour
Manager	\$170/Hour
Associate	\$150/Hour
Senior Analyst	\$130/Hour
Financial Analyst	\$115/Hour
Research Assistant	\$100/Hour

Besides fees for services, Client will reimburse DTA for travel, copying, courier, facsimile, telephone expenses, data services, materials, and other out-of-pocket expenses, as noted in an agreement approving services and fees, in an amount not to exceed \$2,500 annually. The preceding budgets, rates, and expenses apply for a 12-month period from execution of an agreement covering such services and are subject to a cost of living increase every twelve (12) months thereafter. DTA reviews its professional fees and hourly rates annually and, if appropriate, adjusts them to reflect increases in seniority, experience, cost-of-living, and other relevant factors. DTA will notify Client before any such increase.

On or about the first two weeks of each month during which services are rendered (unless provided otherwise as discussed above), DTA will present to the Client an invoice covering the current consulting services performed and the reimbursable expenses incurred under the agreement and exhibits thereto. Such invoices will be paid by the Client within thirty (30) days of each invoice. A 1.2% monthly charge may be imposed against accounts not paid within thirty (30) days of each invoice. Any additional services and expenses will be billed on a time and materials basis.

### **Limitations**

This budget covers only those tasks outlined in Exhibit A. Additional consulting services beyond those included in Exhibit A ("Additional Work") may be provided for additional fees if they cause the budget maximum to be exceeded.

Any additional tasks assigned by Client if the total compensation listed above has been exceeded will be charged at the hourly rates listed above. An excessive number of meetings (over six (6)) or tax spread computer runs (over ten (10)) may also require additional fees if the total compensation has been exceeded. Such additional fees will be added to the "compensation" amounts listed above. Should separate improvement areas or zones be included within a CFD, additional time and materials may be charged, up to a maximum of \$6,000 per improvement area or zone, if these improvement areas or zones cause the maximum compensation levels listed above under Exhibit A to be exceeded.

Development of the "Local Goals and Policies Concerning the Use of the Mello-Roos Community Facilities Act of 1982," as required by California Government Code Sections 53312.7 and 53345.8, may be charged, up to a maximum of \$5,000, if this work causes the maximum compensation levels listed above under Exhibit A to be exceeded.

The proposed compensation amount assumes the formation of a typical CFD with a schedule between initiation of work and adoption of the Resolution of Formation that is no longer than nine (9) months. If the tasks in the Scope of Services are not completed within nine (9) months, at any point thereafter, DTA may request an increase in the maximum compensation if total hourly billings to-date exceed the proposed compensation level listed above.

The hourly fees listed above apply for a twelve-month period, and are subject to a cost-of-living increase after that period and annually thereafter.



We did a projection of how much revenue a CFD would bring to the City. As indicated by the table below, this would be approximately \$1.18 million.

A sales tax, on the other hand, would generate about \$500,000, assuming a 50 cents increase (which would bring you closer to your peer cities).

Land Use Type	Total Number of EDUs	Special Tax per EDU	Total CFD Revenue
Single Family Residential	3,068	\$250	\$767,000
Multi-Family Residential	856		\$214,000
Retail	188		\$46,931
Office	345		\$86,175
Industrial	216		\$54,011
Institutional	61		\$15,172
<b>Total</b>	<b>4,733</b>		<b>\$1,183,288</b>

**School Parcel Taxes**

All seven school parcel tax measures passed.

**School Parcel Taxes - Two-Thirds Approval**

<b>Agency Name</b>	<b>County</b>		<b>Rate</b>		<b>Sunset</b>	<b>YES%</b>	<b>NO%</b>	
Mammoth Unified SD	Mono	Measure G	\$59/yr	extend	5yrs	79.2%	20.8%	PASS
Live Oak SD	Santa Cruz	Measure R	\$98/yr	extend	12yrs	78.9%	21.1%	PASS
Pacifica SD	San Mateo	Measure D	\$118/yr	extend	10yrs	76.4%	23.6%	PASS
Jefferson Union High SD	San Mateo	Measure E	\$60/yr	extend	10yrs	73.5%	26.5%	PASS
Moreland SD	Santa Clara	Measure G	\$142/yr	extend	8yrs	72.8%	27.2%	PASS
Lakeside Joint SD	Santa Clara / Santa Cruz	Measure J	\$820/yr	increase	10yrs	69.7%	30.3%	PASS
Fremont USD	Alameda	Measure I	\$73/yr	increase	9yrs	69.3%	30.7%	PASS

**General Obligation Bonds**

Both non-school general obligation bond measures passed. Orinda voters will finance \$25 million of road improvements. San Francisco voters approved a \$350 million bonds for seismic safety improvements.

**City, County and Special District Bond Measures - Two-Thirds Approval**

<b>Agency Name</b>	<b>County</b>		<b>Amount</b>			<b>YES%</b>	<b>NO%</b>	
Orinda	Contra Costa	Measure L	\$ 25,000,000	roads, storm drains	\$17/\$100k	67.6%	32.4%	PASS
City and County of San Francisco		Measure A	\$ 350,000,000	seismic safety	\$9/\$100k	78.6%	21.4%	PASS

**Non-School Parcel Taxes**

Seven of the 12 non-school parcel taxes passed including Measure AA, a \$12 per parcel tax for San Francisco Bay conservation and cleanup covering nine counties in the San Francisco Bay Area.

**City, County and Special District Parcel Taxes - Two-Thirds Approval**

<b>Agency Name</b>	<b>County</b>		<b>Single Family Rate</b>	<b>Purpose</b>	<b>Term</b>	<b>YES%</b>	<b>NO%</b>	
Clayton	Contra Costa	Measure H	\$235/yr+ extend	trails, landscaping	10yrs	78.5%	21.5%	PASS
Sacramento	Sacramento	Measure X	\$31.53/yr+ extend	library	10yr	78.4%	21.6%	PASS
County Service Area #1	San Mateo	Measure G	\$65/yr extend	police/fire	4yrs	74.6%	25.4%	PASS
Piedmont	Alameda	Measure F	\$501/yr increase	general parcel tax		70.6%	29.4%	PASS
County of Santa Cruz	Santa Cruz	Measure S	\$49.50/yr increase	Libraries \$67million bond		69.5%	30.5%	PASS
San Francisco Bay Conservation Authority	Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma	Measure AA	\$12/yr increase	bay conservation	20yrs	69.3%	30.7%	PASS
San Rafael	Marin	Measure D	\$59/yr+ increase	library	9yrs	68.2%	31.8%	PASS
Oakley	Contra Costa	Measure K	\$93/yr increase	library	30yrs	53.5%	46.5%	FAIL
County Service Area #6	Siskiyou	Measure R	\$5/yr increase	EMS	none	48.6%	51.4%	FAIL
Bear Valley CSD	Kern	Measure G	from \$80 to \$247+ increase	police	none	40.6%	59.4%	FAIL
Cayucos Fire Protection I	San Luis Obispo	Measure C-1	\$125/yr+ increase	fire/EMS	none	39.9%	60.1%	FAIL
Morongo Valley Commur	San Bernardino	Measure E	\$350/yr+ increase	fire/EMS	none	39.0%	61.0%	FAIL

POLICE DEPARTMENT AVERAGE COSTS

<u>YEAR</u> <u>SALARY</u>	<u>FICA</u>	<u>PERS</u>	<u>MEDICAL</u>	<u>TOTAL</u> <u>COST</u>	<u>Workers</u> <u>Comp</u>	<u>ERMA/</u> <u>EAP</u>	<u>Total Cost</u>	<u>OFFICER AVERAGE</u>	<u>SERGEANT AVERAGE</u>
68,568	5,205	16,170	1,582	91,525	100,971 5,518	8,182 447.16	97,491	97,491	
53,442	3,969	12,603	13,108	83,122	5,012	406.11	88,540	88,540	
53,442	3,969	12,603	13,108	83,122	5,012	406.11	88,540	88,540	
106,560	7,909	25,129	7,120	146,718	8,846	716.82	156,281		
63,384	4,730	16,119	10,310	94,543	5,700	461.90	100,705	100,705	
66,240	5,067	16,852	1,548	89,707	5,409	438.28	95,554	95,554	
52,176	3,872	7,902	3,184	67,133	4,048	327.99	71,509		
65,754	4,911	15,414	3,921	90,000	5,426	439.71	95,866	95,866	
69,525	5,199	16,363	3,793	94,880	5,721	463.55	101,064	101,064	
63,360	4,728	14,942	4,815	87,844	5,296	429.18	93,569	93,569	
66,984	5,124	17,043	10,415	99,566	6,003	486.44	106,055	106,055	
53,832	3,999	8,167	18,007	84,005	5,065	410	89,480		
89,224	6,515	22,107	13,845	131,692	7,940	643	140,274.93		140,275
86,724	6,515	22,107	14,807	130,154	7,847	636	138,636.77		138,637
60,348	4,497	14,231	15,830	94,907	5,722	464	101,092.30	101,092	
90,588	6,634	23,099	17,896	138,216	8,333	675	147,224.97		147,225
43,086	3,177	5,317	15,982	67,563	4,073	330	71,966.22		
				1,674,696	100,971	8,182		968,476	426,137
							Average Cost	\$ 96,848	\$ 142,046

## FIRE DEPARTMENT AVERAGE COSTS

<u>YEAR</u>	<u>FICA</u>	<u>PERS</u>	<u>MEDICAL</u>	<u>TOTAL COST</u>		<u>Workers Comp</u>	<u>ERMA/ EAP</u>	<u>Total Cost</u>		<u>FIRE FIGHTER</u>	<u>CAPTAIN</u>
						53,484	4,334				
50,142	3,717	11,457	6,870	72,185	0.08	4,179.61	338.67	76,704		76,704	
58,008	4,318	14,740	20,912	97,978	0.11	5,673.05	459.68	104,111			104,111
99,756	7,512	25,451	21,244	153,963	0.17	8,914.61	722.35	163,600			
50,142	3,717	11,457	6,870	72,185	0.08	4,179.61	338.67	76,704		76,704	
60,924	4,619	14,237	1,557	81,336	0.09	4,709.45	381.60	86,427		86,427	
73,164	5,478	18,628	5,546	102,816	0.11	5,953.12	482.38	109,251			109,251
73,842	5,649	18,802	144	98,437	0.11	5,699.60	461.84	104,599			104,599
50,142	3,540	10,912	17,896	82,490	0.09	4,776.25	387.02	87,653		87,653	
61,424	4,541	11,318	3,184	80,467	0.09	4,659.11	377.53	85,504		85,504	
59,008	4,318	14,740	3,786	81,852	0.09	4,739.32	384.02	86,975		86,975	
				923,711	1	53,484	4,334			499,967	317,961
								Average		83,328	105,987

	<u>CFD</u>	<u>Sales Taxes</u>
<b>Voting</b>	Requires two-thirds (2/3) vote	Requires majority vote, or two-thirds (2/3) vote for special purposes
<b>Economic Downturns</b>	Less prone, because the rates are fixed	Can decrease substantially
<b>Progressive/Regressive</b>	Leaning towards progressive	Leaning towards regressive
<b>Costs</b>	Administrative costs	Compliance costs
<b>Payment</b>	Lump sum	Spread out
<b>Other</b>		
	<i>Currently Kingsburg is more reliant on sales taxes. Good to have diversity</i>	





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## COMPARATIVE SALES TAX RATES

Jurisdiction	Kingsburg	Reedley	Selma	Fowler	Sanger	Visalia	Kerman
State	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
County	0.725%	0.725%	0.725%	0.725%	0.725%	0.500%	0.725%
City	0.00%	0.50%	0.50%	0.00%	0.75%	0.25%	0.00%
Total	8.225%	8.725%	8.725%	8.225%	8.975%	8.250%	8.225%

\* Information provided by [www.sale-tax.com](http://www.sale-tax.com). Subject to change.



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**Sales Tax**  
**City of Kingsburg**

Tax Category		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sales Tax		\$688,481	\$795,215	\$856,672	\$830,799	\$770,977	\$840,604	\$910,114	\$927,138	\$1,102,725	\$706,612	\$1,040,000

